



TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

200919067

Uniform Issue List: 408.03-00

FEB - 9 2009

T:EP:RA:UK

Legend:

Taxpayer A =

IRA X =

IRA Y =

Amount M =

Amount N =

Amount O =

Account S =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Date 5 =

Bank C =

Bank F =

Dear :

This is in response to your letters dated April 25, 2008, September 1, 2008, and December 19, 2008, in which you request a waiver of the 60-day rollover requirement contained in section 408(d)(3) of the Internal Revenue Code ("the Code").

The following facts and representations have been submitted under penalty of perjury in support of the ruling requested.

Taxpayer A, age 83, asserts that on Date 2 Taxpayer A authorized a distribution of Amount M from IRA X. Taxpayer A asserts that his failure to accomplish a rollover of Amount N within the 60 day period prescribed by section 408(d)(3) of the Code was due to Financial Institution C's error.

On Date 1, Taxpayer A met with a representative of Bank F and discussed his intention of receiving a distribution of Amount M from IRA X for purposes of transferring his IRA X to his local bank, Bank C with which he had a long term banking history. On Date 4, Taxpayer A met with a representative of Bank C and presented a Bank F distribution check, dated Date 3, from IRA X in Amount M and discussed his intention of opening an IRA rollover account with the Bank F IRA X distribution check. Bank C's representative failed to follow Taxpayer A's request to open an IRA account for the rollover of Amount M and also overlooked a note from Bank F attached to the check dated Date 3 which warned that the check must be rolled over within 60 days. The Bank C representative instead opened a standard Treasury account and placed Amount N (Amount M rounded down to an even amount) into Account S, a non-IRA account. Taxpayer A believed he had authorized a rollover to an IRA account and did not learn otherwise until the preparation of his 2007 tax return that a mistake had been made and that the standard Treasury account, Account S, was a non-IRA account. On Date 5, Bank C corrected the mistake by opening an IRA account, IRA Y, in Amount O from proceeds of the non-IRA account, Account S.

Taxpayer A further represents that he has not used Amount O for any other purpose.

Based on the facts and representations, you request a ruling that the Internal Revenue Service waive the 60-day rollover requirement, with respect to the distribution of Amount N, contained in section 408(d)(3) of the Code ("the Code").

Section 408(d)(1) of the Code provides that, except as otherwise provided in section 408(d), any amount paid or distributed out of an IRA shall be included in gross income by the payee or distributee, as the case may be, in the manner provided under section 72 of the Code.

Section 408(d)(3) of the Code defines, and provides the rules applicable to IRA rollovers.

Section 408(d)(3)(E) of the Code provides that the rollover provisions of section 408(d) do not apply to any amount required to be distributed under section 408(a)(6).

Section 408(d)(3)(A) of the Code provides that section 408(d)(1) of the Code does not apply to any amount paid or distributed out of an IRA to the individual for whose benefit the IRA is maintained if

(i) the entire amount received (including money and any other property) is paid into an IRA for the benefit of such individual not later than the 60<sup>th</sup> day after the day on which the individual receives the payment or distribution; or

(ii) the entire amount received (including money and any other property) is paid into an eligible retirement plan (other than an IRA) for the benefit of such individual not later than the 60<sup>th</sup> day after the date on which the payment or distribution is received, except that the maximum amount which may be paid into such plan may not exceed the portion of the amount received which is includible in gross income (determined without regard to section 408(d)(3)).

Section 408(d)(3)(B) of the Code provides that section 408(d)(3) does not apply to any amount described in section 408(d)(3)(A)(i) received by an individual from an IRA if at any time during the 1-year period ending on the day of such receipt such individual received any other amount described in section 408(d)(3)(A)(i) from an IRA which was not includible in gross income because of the application of section 408(d)(3).

Section 408(d)(3)(D) of the Code provides a similar 60-day rollover period for partial rollovers.

Section 408(d)(3)(E) of the Code provides that the rollover provisions of section 408(d) do not apply to any amount required to be distributed under section 408(a)(6).

Section 408(d)(3)(I) of the Code provides that the Secretary may waive the 60-day requirement under sections 408(d)(3)(A) and 408(d)(3)(D) of the Code where the failure to waive such requirement would be against equity or good conscience, including casualty, disaster, or other events beyond the reasonable control of the individual subject to such requirement. Only distributions that occurred after December 31, 2001, are eligible for the waiver under section 408(d)(3)(I) of the Code.

Rev. Proc. 2003-16, 2003-4 I.R.B. 359 (January 27, 2003) provides that in determining whether to grant a waiver of the 60-day rollover requirement pursuant to section 408(d)(3)(I), the Service will consider all relevant facts and circumstances, including: (1) errors committed by a financial institution; (2) inability to complete a rollover due to death, disability, hospitalization, incarceration, restrictions imposed by a foreign country or postal error, (3) the use of the amount distributed (for example, in the case of payment by check, whether the check was cashed); and (4) the time elapsed since the distribution occurred.

The information presented and documentation submitted by Taxpayer A is consistent with his assertion that his failure to accomplish a rollover of Amount N within the 60 day period prescribed by section 408(d)(3) of the Code was due to Financial Institution B's error.

Therefore, pursuant to section 408(d)(3)(I) of the Code, the Service hereby waives the 60-day rollover requirement with respect to the distribution to Taxpayer A of Amount O (an amount less than Amount N). Provided all other requirements of Code section 408(d)(3), except the 60-day requirement, are met with respect to such IRA contribution, the Service will treat Taxpayer A's Date 4 contribution of Amount O to IRA Y as a rollover contribution within the meaning of Code section 408(d)(3).

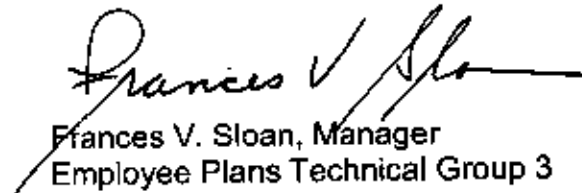
Please note that, pursuant to code section 408(d)(3)(E), this ruling letter does not authorize the rollover of the Code section 401(a)(9) minimum required distributions.

No opinion is expressed as to the tax treatment of the transaction described herein under the provisions of any other section of either the Code or regulations, which may be applicable thereto.

This letter is directed only to the taxpayer who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

If you have any questions, please contact XXXXXXXXXXXXXXXXXXXXXXXX X  
by phone at

Sincerely yours,

  
Frances V. Sloan, Manager  
Employee Plans Technical Group 3

Enclosures:

Deleted Copy of Ruling Letter  
Notice of Intention to Disclose